

Message Text

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ORIGIN AF-18

INFO OCT-01 EUR-25 EA-11 ISO-00 EB-11 TRSE-00 AID-20 IGA-02

XMB-07 L-03 CIEP-02 CIAE-00 INR-10 NSAE-00 RSC-01

/111 R

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P R 091407Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY ACCRA PRIORITY

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY ABIDJAN

AMEMBASSY BERN

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

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E.O. 11652: N/A

TAGS:EAID EFIN PFOR, IBRD, GH

SUBJECT: GHANA DEBT CONTRACT REVIEW

REFS: 1) ACCRA 3570 (NOTAL); 2) ACCRA 3564 (NOTAL)

1. WORLD BANK HAS INFORMED DEPT FRENCH CONTRACT CHALLENGED

ON BASIS VALIDITY (SOGECO) REPRESENTS SIX PERCENT OF DEBT

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DUE FRANCE, WHILE CONTRACT TO BE CHALLENGED ON BASIS NON-

PERFORMANCE (SOCIETE ALSACIENNE REPRESENTS 35 PERCENT OF DEBT DUE FRANCE. WEST GERMAN CONTRACT CHALLENGED ON BASIS VALIDITY (HENSCHELWERKE) CONSTITUTES ONLY .02 PERCENT DEBT DUE GERMANY, BUT CONTRACT TO BE CHALLENGED ON BASIS NON-PERFORMANCE (STAHLUNION) REPRESENTS 12 PERCENT DEBT DUE GERMANY. BRITISH CONTRACT TO BE CHALLENGED ON BASIS NON-PERFORMANCE (GAMMON) REPRESENTS ONLY 1.2 OF DEBT DUE HMG, INCLUDING DEBT ATTRIBUTABLE TO CONTRACTS REPUDIATED FEB. 5, 1972. BANK HAS NOT MADE SIMILAR CALCULATIONS FOR ITALIAN AND DUTCH CONTRACTS WHICH GOG SAYS ARE INADEQUATELY DOCUMENTED.

2. BRITISH EMBASSY SAYS FRENCH (NEBOT) VERY INITIAL REACTION TO GOG CONTRACT REVIEW FINDINGS WAS THAT FRANCE MAY REFUSE TO SIGN A BILATERAL DEBT RESCHEDULING AGREEMENT IF GHANAIS MAINTAIN THEIR POSITION RE FRENCH CONTRACTS. NEBOT SAID FRANCE PROBABLY WILL WANT CREDITORS' MEETING. GEHRING OF WEST GERMANY EXPRESSED SURPRISE AT GOG FINDINGS, STATING GOG'S ACTION NOT CONSISTENT WITH FRG'S EFFORTS TO BE HELPFUL. GEHRING SAID HIS GOVT ALMOST CERTAINLY WILL WANT A CREDITORS' MEETING. ITALIANS AND DUTCH SAID THEY WERE DISAPPOINTED BY GOG'S ACTION BUT HOPE A CREDITOR MEETING CAN BE AVOIDED. UK EMBASSY HAS NO INFORMATION ON REACTION OF OTHER CREDITORS, INCLUDING THAT OF HMG.

3. IN RESPONSE TO A UK REQUEST FOR FORMAL STATEMENT OF USG POSITION, DEPT HAS INFORMED BRITISH EMBASSY THAT QUANTUM OF DEBT QUOTE REPUDIATED UNQUOTE BY GOG CONTRACT REVIEW OUTCOME FALLS WELL WITHIN TWENTY PERCENT CREDITORS HAD TENTATIVELY AGREED WOULD BE TOLERABLE LEVEL. FURTHERMORE, CREDITORS HAD AGREED GOG WOULD REMAIN AT LIBERTY TO CONTEST PAYMENTS ON GROUNDS NON-PERFORMANCE, WHICH IS MERELY WHAT GHANAIS HAVE ANNOUNCED THEY WILL DO WITH RESPECT SOCIETE ALSACIENNE, STAHLUNION AND GAMMON CONTRACTS, THE VALIDITY OF WHICH HAS NOT BEEN CHALLENGED. THEREFORE, GHANAIS APPEAR TO HAVE COMPLIED WITH PROVISIONS OF SECTION VI(III) OF AGREED MINUTE, AND CREDITORS APPEAR OBLIGATED BY TERMS OF SAME SECTION TO INITIATE NEGOTIATION OF BILATERAL AGREEMENTS AS SOON AS POSSIBLE AFTER AUGUST 31, 1974. USG SEES NO NEED FOR A CREDITOR LIMITED OFFICIAL USE

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MEETING BUT WILL PARTICIPATE SHOULD OTHER CREDITORS REQUEST SUCH A MEETING. SISCO

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT DEBTS, DEBT AGREEMENTS, DEBT REPAYMENTS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE147144
Document Source: CORE
Document Unique ID: 00
Drafter: JKBISHOP:LSR
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740182-0181
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740764/aaaacdag.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 1) ACCRA 3570 (NOTAL); 2) ACCRA 3564
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 08 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 APR 2002 by kellew0>; APPROVED <19 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GHANA DEBT CONTRACT REVIEW
TAGS: EAID, EFIN, PFOR, GH, IBRD
To: ACCRA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005